

Maia, 13<sup>th</sup> November 2019

## SONAE INCREASES SALES IN 9% AND REINFORCES PROFITABILITY IN THE 3<sup>RD</sup> QUARTER OF 2019

### 1. MAIN HIGHLIGHTS OF THE RESULTS CONCERNING THE 3RD QUARTER 2019 (3Q19):

- Sonae's consolidated turnover increased 9% in 3Q19, to 1,674 M€, and 10% in the first nine months of the year to 4,635 M€
- Improvement of operational profitability, with the underlying EBITDA increasing 21% in 3Q19, to 162 M€, and 24% during 9M19, to 402 M€
- Net income group share more than doubled in 3Q19, from 24 M€ to 50 M€
- Investment rose to 275 M€ in 9M19, more than 1 M€ a day, reflecting organic expansion and acquisitions
- Net debt decreased 113 M€ on a comparable basis

Cláudia Azevedo, Sonae CEO, states: *"Sonae maintained a strong operational performance in Q3, thus consolidating the positive results reached in the first half of the year."*

*Consolidated turnover increased 9% yoy to €1.7 Bi in the quarter and 10% to €4.6 Bi in YTD terms. This strong growth level was mainly driven by Sonae MC but also by a number of acquisitions completed in the last 12 months, more notably the 20% stake in Sonae Sierra and a controlling stake in Arenal at Sonae MC. But even without these acquisitions, growth would have reached 5% in the first nine months of the year.*

*Profitability also continued to improve. Underlying EBITDA increased 21% yoy in the quarter and 24% in the first nine months of the year. I would like to highlight the benchmark profitability level at Sonae MC, the good performance of ISRG and the solid improvements at Sonae Fashion in the quarter. Direct income increased 43% yoy in Q3 and RoIC reached 9.8% in the last 12 months, close to our medium-term target of 10%.*

*In terms of portfolio management, Sonae Sierra completed the merger of Sonae Sierra Brasil with Aliansce Shopping Centers. The merits of this merger have been well recognised by capital markets in Brazil and the first signs of the integration process reinforce our confidence in the value creation potential of this transaction. Also during the quarter, Sonae IM sold WeDo to Mobileum Inc., generating a €17 M capital gain for Sonae.*

*Sonae's Balance Sheet remains strong with Net Debt decreasing €20 M yoy, €113 M on a comparable basis, another clear demonstration of the cash generation ability of our underlying assets.*

*As the end of the year approaches, we will remain focused on driving strategy execution in each business in order to make 2019 a successful year for Sonae and all our stakeholders".*

## 2. CONSOLIDATED ANALISYS



### Growth of all operational indicators

**4,635 M€**

**+10.2%**

*Turnover*

In the third quarter of the year (3Q19), Sonae's **turnover** grew 8.8% to 1,674 M€, contributing, in the first nine months of 2019 (9M19), for Sonae's turnover to have reached 4,635 M€ (+10.2% compared to last year), mostly benefiting from the performance of Sonae MC, Sonae IM and the consolidation of Sonae Sierra's statutory sales.

**402 M€**

**+23.5%**

*Underlying  
EBITDA*

**Underlying EBITDA** also followed a positive trend and improved by 23.5% yoy to 402 M€ in 9M19, benefiting mostly from an improvement of Sonae MC (+42 M€) and the consolidation of Sonae Sierra's results. The positive evolution of the underlying EBITDA,

together with a higher contribution of businesses that consolidate with equity method, allowed for a 41.2% growth of EBITDA in 3Q19, to 206 M€, and 20.9% in 9M19, to 485 M€. This increase in the results of the equity method was strongly boosted by the ISRG's improved performance.

The **net income** group share more than doubled in 3Q19, increasing from 24 M€ to 50 M€, reflecting the sales and operational profitability growth, as well as the capital gains related with the portfolio's active management. In 9M19, the total net income of Sonae ascended to 131 M€, 88 M€ being the share attributable to shareholders (a value which supposes an expressive growth, if we exclude non-recurrent items). Concerning non-recurrent items, Sonae had, in 3Q19, capital gains from the WeDo transaction and sale & leaseback operations, contributing to the positive result of 4 M€, versus a 33 M€ comparable in 9M18 (value influenced by the important capital gain resulting from selling a share of Outsystems in 2Q18).

### Investment of more than 1 million euros a day with organic expansion and acquisitions

The investment rose to 275 M€ in 9M19, more than a million a day, highlighting the investment performed by Sonae MC in the acquisition of Spanish parapharmacy and cosmetics chain Arenal and Sonae IM in the acquisition of shares in Cellwize, CB4 and Daisy Intelligence. Concerning the expansion's capex, Sonae MC continues its expansion programme, having opened 58 new shops operated by the company, which include nine Continente Bom Dia and two Continente Modelo.

### Reduction of 113 million euros of debt on a comparable basis

Sonae continued to reinforce its financial solidity, having the total net debt, on a comparable basis, decreased 113 M€ compared to the end of September 2018. All of the portfolio's businesses maintained a solid capital structure. Sonae's cost of debt remained stable in 1.3% during 9M19 and the average maturity profile increased to more than four years. Sonae kept its practice of being fully financed for the coming 18 months.

### Employment creation and supporting the community

Growth of the various business areas allowed Sonae to continue creating employment, namely more than 1,000 jobs in the past 12 months, mostly in retail, a result of the preference of consumers and clients for the Group's formats. This job creation was accompanied by the reinforcement of Sonae's commitment to the community, which reached 7.5 M€, benefitting social economy institutions through material goods, provision of competences and financial resources.



### 3. OPERATIONAL AND FINANCIAL ANALYSIS PER BUSINESS

#### **SONAE MC** Sonae MC exceeds 3.4 billion euros in sales

**3,427 M€**

+ 9.5%

Turnover

+ 3.4%

Like for Like (LfL)  
sales 9M19

In food retail, Sonae MC kept a steady growth pace and increased its turnover by 9.5% to 3,427 M€ in 9M19, thus reinforcing, once again, its leadership position. This growth was underpinned by a strong like for like sales evolution in all segments, boosted mostly by increased volumes, as well as the continuous expansion effort, with the opening of 58 new shops operated by the company (including 9 Continente Bom Dia stores and 2 Continente Modelo stores) during 9M19, and the acquisition of Arenal, in the beginning of the year. Regarding profitability, Sonae MC's underlying EBITDA grew from 299 M€ to 340 M€ in 9M19, corresponding to a 9.9% margin in 9M19, a benchmark in the sector.

**worten**

#### **Worten reinforces omnichannel strategy**

**744 M€**

Turnover

In electronics retail, Worten reached a turnover of 744 M€ in 9M19, with retail sales in Portugal and the Canary Islands above last year's, despite the negative evolution of seasonable categories in August, mostly due to Iberia's atypically low temperatures and the ongoing adjustment of the operation in Spain Mainland. Worten's Marketplace produced results above expectations, helping boost the growth of online sales in nearly 50% quarterly. In August, Worten improved its value proposition, making the full Marketplace product range available at all its physical stores. The underlying EBITDA stood at 29 M€ with a 3.9% margin.

#### **SONAE FASHION** Sonae Fashion grew 8% LfL in the 3Q19 and gained market share for the 5<sup>th</sup> consecutive quarter

**282 M€**

+ 3.8%

Turnover

Sonae Fashion continued to see the benefits of the optimisation of its operational model, thanks to the efforts of the teams in producing the current transformation plan, thus having improved the turnover, the market share and the operational results. Turnover increased 4.2% in 3Q19, supported by a strong LfL growth (+8% in 3Q19). All brands have achieved important milestones in the e-commerce front, delivering high growth rates in 3Q19 (namely Zippy, with +62% and MO with +45%). It is worth highlighting that Sonae Fashion sustained an Iberian market share increase for the fifth consecutive quarter. Concerning operational profitability, underlying EBITDA increased by 3.4 M€, achieving a 7.9% margin.

**IBERIAN SPORTS  
RETAIL GROUP**

#### **ISRG accelerates and achieves 2-digit growth**

**+15.5%**

Turnover

from 3 nov to

3 ago

Throughout the past nine months, ISRG turnover increased by 15.5%, reaching 501 M€. The EBITDA improved significantly, with positive evolutions in all brands, reflecting a stronger top line performance combined with higher cost control at both stores and central structure. In Portugal, Sport Zone stores have been remodelled into the new format and results have been very positive, with two-digit growth, which shows the positive way Portuguese consumers have reacted to the brand's new value proposition. The contribution to Sonae's accounts stood at 7 M€, that is, around 10 M€ higher than 9M18.

## PRESS RELEASE

### **SONAE FS** Sonae FS has a 2-digit growth

**27 M€**

**+ 17.7%**

*Turnover*

**>820,000**

*Universo Card  
subscribers*

Sonae FS continued to post a good performance, having increased turnover by 17.7% versus last year, to 27 M€, and improving underlying EBITDA from 4 M€ in 9M18 to 7 M€ in 9M19, which represents a 24.3% margin.

As for the Universo Card operation, it has already gone over 820,000 subscribers in September, a growth of approximately 130,000 subscribers over the last 12 months. Besides, Universo's market share continued to increase in the Portuguese payment market.

### **SONAE IM** Sonae IM accelerates growth and portfolio active management

**90 M€**

**+ 35.9%**

*Turnover*

Sonae IM entered the capital of six new companies during 9M19, three of which at seed stage, besides follow-on investments in some portfolio companies. Daisy Intelligence, an artificial intelligence platform for retail merchandising companies focused on optimising promotional products and price mixes, was the new investment of 3Q19. During 9M19, in line with its active portfolio management strategy, Sonae IM sold 100% of Saphety's shares to the members of its management team, supported by Oxy Capital, and sold 100% of WeDo's shares to Mobileum,

Inc.

Concerning operational performance, turnover grew 35.9% to 90 M€, boosted by the merger of Nextel and the acquisition of Excellium. Even on a comparable basis, turnover presented a 2-digit growth (+12.3%).

### **SONAE SIERRA** Shopping centres grow and the company continues capital recycling strategy

Sonae Sierra has registered 3.4% growth of its turnover in 9M19, to 164 M€, continuing to register a solid operational performance, underpinned by organic growth of its asset portfolio (4% LfL sales growth and 3.6% Lfl growth of rents in Europe), due to the opening of a shopping centre in Colombia and a good performance in service division.

Concerning its capital recycling strategy, Sonae Sierra successfully concluded the sale of its stakes in Algarveshopping, Albufeira Retail Park and Alexa in 3Q19, generating total proceeds of approximately 45 M€ in the quarter and over 80 M€ in the year.

One should also stress the completion of the fusion between Sonae Sierra Brasil and Aliansce Shopping Centres, which originated the biggest shopping centre operator in Brazil. Since the announcement of the fusion, the market value of the combined entity more than doubled, which shows the expectation in creating value the capital market recognised in this operation.

### **NOS** reinforces growth and operational profitability



NOS' operational revenues increased by 1.5% versus last year, reaching up to 1,185 M€ in the first nine months, due to the solid performance in the telco business (1.1%) and the strong growth in audiovisuals & cinemas (8.3%). The cinema business registered a record quarter in terms of tickets sales, achieving 2.764 million (+16.2% YoY). EBITDA increased by 2.8%, above the the pace of revenues, totalising 505 M€ in 9M19 and leading to a margin increase of 42.6%.

Investment (capex) stood in line with last year, totalising 311 M€ in 9M19.



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